

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

DDI #5470-82
2 July 1982

National Intelligence Council

MEMORANDUM FOR: D/OGI
D/SOVA
D/EURA
SA/IA/DCI

FROM: Maurice C. Ernst
NIO/Econ

SUBJECT: Tasking for NSC Meeting on Economics

The following papers should be prepared for the DCI prior to the forthcoming NSC meeting on economic issues.

1. An assessment of the state of European-US economic relations
Action: EURA.

This paper should assess the general state of US-West European economic relations and the likely impact of recent frictions--on steel, sanctions, etc., on these relations. The principal current economic issues should be briefly characterized and any significant trends noted. The possibilities for European retaliatory actions against the US and the possible political and security implications of economic frictions should be mentioned. An assessment should be made of the strength of protectionist trends.

As part of this package a set of tables should be prepared on trade flows between US, Western Europe, and the USSR and Eastern Europe. The DCI has listed the data he would like to see. Other appropriate data should be added. The tables should be viewed as a statistical annex to the US-Europe paper, but can be alluded to as appropriate.

2. Reactions to the pipeline sanctions. Action: SOVA/EURA. This paper should take the EURA and SOVA analysis on reactions to the US sanctions decision a step further. It should assess the likely strategies of the USSR, the Western companies, and the West European governments, the technical possibilities (this part is essentially done) and the most likely courses of action. [] has drafted a possible outline.

3. Supporting material on grain, steel, and credits.

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- o A one-page statement on the steel issues and the steel market (based on the recent OGI paper)--OGI.
- o A brief statement on the East-West export credit issue--NIO/EC.
- o Recently provided material on the US-Soviet long-term trade agreement--SOVA.

All of these papers are due to NIO/Economics by Thursday, 8 July.

Maurice C. Ernst

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